
500 PROPERTY MANAGEMENT

EQUIPMENT AND SUPPLIES

“Equipment” means tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 (see “LEASES” on the next page) or more per unit. A grantee may use its own definition of equipment if such definition would include at least all equipment defined above.

School districts must capitalize “equipment,” which means a district must record the equipment on its fixed asset records and include the cost on its financial statements in the Fixed Asset Account Group. Equipment purchases are recorded using a 7XX expenditure object code.

Property which does not meet the definition of equipment is considered a supply item. Supply purchases are recorded using a 6XX expenditure object code.

USE OF FEDERALLY PURCHASED PROPERTY

Sub-grantees may not use equipment purchased with federal funds to earn income in a way that poses unfair competition to private companies.

MANAGEMENT REQUIREMENTS

At a minimum, sub-grantees must meet these requirements for managing equipment purchased in whole OR IN PART with federal funds:

1. Maintain property records that include
 - a. Description of property,
 - b. Serial number or other identifying number,
 - c. Source of funds used to purchase the item,
 - d. Who holds title,
 - e. Date of acquisition,
 - f. Cost,
 - g. Percentage of cost paid using federal funds,
 - h. Location,
 - i. Use and condition of property, and
 - j. Disposition data, including date of disposal and sale price;
2. Take a physical inventory and reconcile the counts with the records at least every two years;
3. Maintain a control system which safeguards against theft, loss, or damage of property. Investigate any loss, theft, or damage;
4. Maintain the property in good condition; and
5. If authorized to sell the property, get the highest return possible.

PREAPPROVAL REQUIRED FOR PURCHASE OF EQUIPMENT

Recipients of federal awards must obtain pre-approval from OPI to purchase equipment using program funds. To request pre-approval, either: 1) list the equipment items on the project budget form when applying for the grant; or 2) submit an Annual Budget and Program Modification Request for State and Federal Programs form. The OPI's approval must be received in writing before equipment items may be purchased using federal funds.

LEASES

Lease-purchase agreements for equipment must also be pre-approved in each project year in which federal award funds will be used to pay installments on the lease.

TITLE TO EQUIPMENT PURCHASED WITH FEDERAL FUNDS

Generally, when a recipient purchases equipment using federal funds, title to the property vests with that entity. The Migrant Education Program, however, retains title to any equipment purchased with federal funds. The OPI may relocate property purchased by one recipient to a migrant program administered by another recipient if they determine the equipment is needed elsewhere.

WHAT TO DO WITH EQUIPMENT AFTER THE GRANT

Equipment must be used by the sub-grantee for the program or project for which it was intended, as long as it is needed, even if the project is no longer federally funded. When no longer needed for that program, equipment can be used for any other federal program activities.

The sub-grantee should also make the equipment available for use on other projects, as long as that use does not interfere with use of the equipment by the program for which it was purchased. User fees may be charged when equipment is used by other projects. User fees are considered "program income." Specific guidance concerning Title I, Part A, is available by request from the OPI Title I specialists in this area.

DISPOSAL OF PROPERTY

When original or replacement equipment purchased with federal funds under a grant or sub-grant administered by the OPI is no longer needed for the original project or for any project currently or previously supported with federal funds, equipment may be retained, sold, or otherwise disposed of with no further obligation to the federal government. Inventory records must be amended to reflect the disposal.

Items of equipment purchased with federal funds under programs NOT administered by the OPI are subject to provisions of those grantor agencies. Contact the grantor for further information.

SCHOOL DISTRICTS SUBJECT TO STATE LAW ON DISPOSAL OF PROPERTY

School districts must also advertise the intent to sell or otherwise dispose of property in accordance with Section 20-6-603, MCA, before disposing of property, including property purchased with federal funds.

USING ITEMS AS "TRADE-IN"

When buying replacement equipment, the equipment purchased with federal funds may be used as a trade-in, or equipment may be sold and the proceeds used to offset the cost of replacement property.